

Media Release

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Pensions to increase from Monday

More than four million Australians will receive a rise in their pensions and other income support payments and allowances from today (Monday 20 September 2010) due to indexation.

Pension payments will increase by \$15.00 per fortnight for singles on the maximum rate, and \$22.60 per fortnight for couples combined on the maximum rate.

Following these increases, total pension payments for those on the maximum rate, including the base rate and pension supplement, will be:

- \$716.10 per fortnight for singles
- \$1079.60 per fortnight for couples combined

The September pension rise was due to an increase in the pensioner and beneficiary living cost index (PBLCI) in the six months to June 2010.

Pensions are indexed twice a year to the highest increase of three measures: the consumer price index (CPI), the PBLCI, and growth in male total average weekly earnings (MTAWE).

The PBLCI was introduced as an additional indexation mechanism as part of the 2009 pension reforms, and takes into account a basket of goods pensioners buy to better help maintain pensioners' purchasing power.

The basket of goods is weighted to recognise that pensioners spend more of their income on essentials, including food, health, clothing and telephone calls and post.

The pension has been indexed to the PBLCI two of the last three indexation points, demonstrating the success of this additional indexation mechanism at better reflecting pensioners' actual expenses.

During our first term, the Federal Labor Government overhauled the pension to make it adequate and sustainable for the millions of age and disability, carers and veterans pensioners who depend on it.

Pensioners have received increases of around \$115 per fortnight for singles and \$97 per fortnight for couples combined in pension payments, as a result of Federal Labor's major pension reforms delivered in September 2009, and higher indexation in March and September 2010.

Federal Labor's pension reforms increased the effective benchmark for singles from 25 per cent to 27.7 per cent of MTAWE.

People eligible for the Age Pension, Disability Support Pension (adult rate), Carer Payment, veteran income support payments, Wife Pension, Widow B Pension and Bereavement Allowance will all benefit from the increases.

Parenting Payment and Rent Assistance will also increase on 20 September.

Adult rates of allowances, such as Newstart, and supplementary payments are also indexed on 20 September each year to the CPI increase for the previous six months. Allowance rates for single people (21 or over, without children) will increase by \$6.90 per fortnight.

These increases in payments will be accompanied by an increase in the income and assets cut-out amounts. This will see an increase in the amount of income, for example from employment or investments, or the total value of assets, a person can have before their benefit is cancelled.

Full details of all indexation amounts can be found at:

http://www.fahcsia.gov.au/about/mediareleases/2010/Pages/rates_index_tbl.aspx

Examples of weighting of different goods between the Pensioner and Beneficiary Living Cost Index and the Consumer Price Index

	Pensioner and Beneficiary Living Cost Index (Percentage contribution)	Consumer Price Index (Percentage contribution)
Food	20.55 per cent	15.44 per cent
Household contents and services	10.29 per cent	9.61 per cent
Health	4.99 per cent	4.70 per cent
Clothing and Footwear	4.55 per cent	3.91 per cent
Communication	4.08 per cent	3.31 per cent

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